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CENTRAL INTELLIGENCE AGENCY

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50X1-HUM

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1. During September 1952, USIA (Administration of Soviet Property in Austria) received instructions from the Central Administration of Soviet Property Abroad in Moscow to report immediately on the commercial relations existing between USIA and Intrac. These instructions were interpreted by senior USIA officials in Vienna as an attempt by Moscow to ascertain whether Intrac had been given "preferential treatment" by USIA in accordance with the orders issued by Moscow in the spring of 1952.
2. To assist in the drawing up of the required report, the senior Soviet accountant of USIA's Central Commercial Bureau prepared a statement of all deals between USIA and Intrac since the spring of 1952.
3. This statement showed the following eastern procurement deals in which the Central Commercial Bureau has assisted Intrac in delivering strategic materials to the satellite states, by acting as intermediary purchaser and reseller of the goods. (In these deals there are normally two contracts: under the first, Intrac sells to USIA the goods which it has procured for its eastern customer; under the second, USIA resells the goods to Intrac's eastern customer. The goods thus become USIA goods and are therefore exempt from Austrian export license formalities. For its services USIA usually charges Intrac a commission of 5 percent, or sometimes insists that Intrac should buy USIA textiles or other goods of which it has difficulty in disposing.

a. Aluminum to Poland

[redacted] sale of 600 tons of 99.5 percent aluminum to Poland by Intrac via USIA. Deliveries were completed during June 1952.

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[redacted] sale of a further 600 tons of 99.5 percent aluminum to Poland. As of 25 September 1952, 300 tons had

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been delivered. Another 100 tons were due for delivery on 26 September, and the balance of 200 tons was promised by the end of October.

In these Polish aluminum deals Polcommerz appears as the contracting party on behalf of Intrac.

b. Aluminum to Czechoslovakia

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[redacted] sale of 50 tons of 99.5 percent aluminum to Metalimex, Prague. Deliveries were completed during July 1952.

c. Sheets, etc., to Eastern Germany

[redacted] sale to the D.D.R. of: 50X1-HUM

100 tons of thin sheets (Emballagenbleche)
900 tons of coarse sheets (Grobbleche)
2,000 tons of haematite

Deliveries, with the exception of 1,000 tons of haematite not yet delivered, were completed by the end of July 1952. In this deal the D.D.R. was represented by Zimmermann (fnu), the Vienna representative of the Deutsche Waren-Vertriebs G.m.b.H. In actual fact Zimmermann is an employee of Intrac.

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d. [redacted]

e. Sheets, etc., to Eastern Germany

[redacted] sale to the D.D.R. of: 50X1-HUM

100 tons of thin sheets (Emballagenbleche)
900 tons of coarse sheets (Grobbleche)
1,000 tons of haematite

Deliveries were completed in August 1952. However, on the instructions of the Deutsche Waren-Vertriebs G.m.b.H., the haematite was delivered to Rumania, and not to the D.D.R. The D.D.R. was again represented by Zimmermann in this deal.

f. Sheets to Czechoslovakia

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[redacted] sale of 100 tons of thin sheets (Feinbleche) and 95 tons of transformer sheets to Czechoslovakia (or, possibly, to Hungary). [redacted] 50X1-HUM

[redacted] The goods were delivered during August 1952 on Hobro's instructions to the Austrian/Czech frontier. It is not known whether they were then forwarded to Prague or to Budapest.

g. Sheets to Eastern Germany

[redacted] sale to the D.D.R. of: 50X1-HUM

1,050 tons of coarse sheets
100 tons of processed coarse sheets (bearbeitetes Grobblech)
60 tons of white metal sheets (Weissblech)

Deliveries had not yet been completed as of late October.

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h. White Metal Sheets to Hungary

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[redacted] sale of 250 tons of white metal sheets to Metalimpex, Budapest. Deliveries had not yet been completed as of late October.

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i. Aluminum to China

[redacted] Director-General Daderkin of the USIA Central Commercial Bureau [redacted] agreed to assist Intrac in the sale of 900 tons of 99.5 percent aluminum to the China National Export Import Corporation. The contract had already been drawn up and signed by Kessler as of October 1952. Intrac is selling the aluminum to USIA at 17,500 Austrian schillings per ton, while USIA is selling to the Chinese at 18,375 schillings per ton, giving USIA a profit of 787,500 schillings (5 percent).

j. Aluminum to Hungary

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[redacted] Daderkin also agreed to the sale by Intrac of 200 tons of 99.5 percent aluminum to Metalimpex, Budapest. Intrac is selling the aluminum to USIA at 17,500 schillings per ton, while USIA is reselling at 17,937.50 per ton, giving USIA a profit of 87,500 schillings (2½ percent). In addition, Intrac is obligated to buy USIA textiles to a value of 122,500 schillings (3½ percent).

k. Aluminum to Czechoslovakia

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[redacted] Kessler asked for USIA's assistance in the sale by Intrac of 500 tons of 99.5 percent aluminum to Czechoslovakia. This Daderkin refused, on the grounds that USIA was anxious to deliver aluminum itself to Czechoslovakia from its aluminum scrap stocks under the USIA/Czech barter agreement.

l. Red Tartar to Czechoslovakia

At the end of August 1952, Intrac applied for USIA's assistance in the sale of 11 tons of red tartar to Czechoslovakia. USIA has agreed to this deal, but no deliveries had as yet taken place as of late October 1952.

- m. In addition to the above eastern procurement deals Intrac occasionally sold goods to the east through USIA before the Moscow instructions were received in the spring of 1952. Three such deals were:

(1) Transformer Sheets to Hungary

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[redacted] 47,525 tons of transformer sheets were sold to Metalimpex, Budapest. The latter was represented by Rosa Wolf, director of the Dr. Back metal firm, which belongs to Intrac.

(2) Chrome nickel steel to Hungary

[redacted] 51.987 tons of chrome nickel steel were sold to Metalimpex, Budapest.

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(3) Haematite to Eastern Germany

Contracts dated 23 January 1952, for the sale of 2,000 tons of haematite to the D.D.R.

4. At the end of July 1952, Intrac applied for USIA support in the sale of 25 tons of 99.5 percent aluminum to Metalimpex, Budapest. USIA, however, rejected the deal as it was at that time itself negotiating with the Hungarians.
5. As indicated above, USIA frequently insists, as a condition of its support, that Intrac shall buy USIA goods of which USIA has difficulty in disposing.

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By this means, USIA sold to Intrac textiles to a value of some 2,000,000 schillings between April and October 1952. Thus, [redacted] 50X1-HUM
Intrac bought textiles to a value of 714,196 schillings: [redacted]
to a value of 450,400 schillings: [redacted]
[redacted]

6. Other deals concluded between Intrac and USIA during the last year include:

a. [redacted] purchase by Intrac of 1,000 tons of sugar from 50X1-HUM
USIA, concluded in May 1952, which Intrac sold through its firm, Panzer
of Taborstrasse, Vienna II.

b. [redacted] Purchase by Intrac from USIA of 10,000 tons of East 50X1-HUM
German coal briquets, through the Intrac coal firm, Am Roten Turm
(Directors Stephan Kaufmann and Flemmer).

1. [redacted] Comment: The 1951 Handels Compass lists Dr. Alfred Back, 50X1-HUM
Kommerzgesellschaft m.b.H., Vienna IV, Favoritenstrasse 43. Dr. Alfred
Back and Rosa Wolf are listed as partners of the firm.

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